

Social Cohesion in a Culturally Diverse Exchange Economy.

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Introduction. This paper was inspired by my attendance of a conference of the CIRCLE/CCRN Round Table 2000, held in Edmonton 26th and 27th May, 2000. The over all theme for the conference was "Culture, Connectedness and Social Cohesion." After the first few paper presentations, the conference found itself wrestling with many different perspectives on social cohesion. But no clear consensus emerged around a definition. The failure or unwillingness to define the concept was addressed by Collen Mercer(Nottingham Trent University), Rod Fisher (CIRCLE/CCRN Round Table, 2000), Ritva Mitchell(Arts Council of Finland Research Department). Hatto Fisher (CIED Network, Greece) used the term social cohesion but never really defined it; or rather seemed to have many definitions (The Conference Reader¹). There seem to be a sense at the conference that social cohesion was a work in progress. Rod Fisher informed us that the term was not widely used in England. Ritva Mitchell told the conference that Finnish policy planners prefer to use derivatives of the concept: social disintegration and cultural diversity. The conference agreed that this obvious variation in the interpretation of the term social cohesion should not detract from the value of the work that we were doing. However, this raised unanswered questions of measurement and comparison. If we could not define or measure social cohesion how could we expect to talk in a meaningful way about social cohesion and determine more concretely how it contributes to civil society. I had an exceptionally difficult time determining whether what we were talking about is any different from egalitarian or a free enterprise democratic society with a high degree of distributive justice: some highly desirable distribution of goods, services, opportunities to participate, rewards and compensations, and self esteem. On the personal level, I asked the question whether what was being presented was relevant to my determining my own sense of alienation or that of persons that believe themselves to be Black; or Chinese, or Italian. The answer was, yes.,

It is possible to develop an index or number of indices that measure to some degree the level of social cohesion or lack of it. A simple question put to Canadians asking them to rank their most preferred perceived ethnic groups may reveal a great deal. Whenever Canadians have been polled on this question the answer has always placed Blacks among the least preferred. On a vast number of indexes of inequality this can be shown to be the case in every City across this country. On this dimension one would conclude that Blacks are not made to feel comfortable as full and desired citizens in Canada. Many other relevant factors can be identified that contribute to desired and undesired states of being. An article(The Geography of Death) published in Scientific American(July 2000) states that income distribution may shorten lives because it degrades civic cohesion. It also reports that researchers(Ichiro Kawachi and others) at Harvard School of Public Health measured civic cohesion in terms of participation in community groups and by the extent to which trust one another. The relevance of this approach is in the fact that it seeks to measure, along a number of dimensional variables, the amount of alienation, inclusiveness or well being an individual in Canadian society experiences. Collen Mercer presented the conference with a set of variables that can be used to construct a "human development index".

One could experiment with the development of a social cohesion index by taking measurement on a number of structural, social and economic status and satisfaction indicators. At the upper end of the scale one would experience a state of rest where the system(relationships, transactions and exchange) is in equilibrium, and where the society is producing and providing everything that is consistent with the greatest happiness of the largest number of citizens. That is to say a state where everyone, relative to his/her neighbour, is satisfied with his/her perceived and recognized position in society. On the lower end of the scale, the degree of dissatisfaction with social and economic disparities, pollution and environmental decay, cultural assimilation and decline, alienation and inhuman living conditions would be so great that it would cause severe forms of social protests, war, riots, civil disobedience, domestic and public violence. In any society that is definable in terms of diversified groupings based on differences in ethnicity, geography, wealth, etc one would need to take into consideration differences between groups in any interpretation of these indices.

Many of the CIRCLE/CCRN paper presentations disregarded differences between mainstream and minority sub-groups. A recent review by the Department of Canadian Heritage of research on social cohesion and cultural practices (Liudmila Kirpichenko and Heather De Santos)² point to the general tendency for researchers in this field to overlook ethnic minority cultural activities. This practice often leads to faulty analyses that fail to take into account the contrasting participation rates for the minority and majority groups. This point is made in the findings of research done by Michel Laroche(The John Molson School of Business), Chankon Kim(St Mary's University) and Marc A. Tomiuk (H.E.C)³. Their work strongly suggest that all ethnic groups exhibit consumer behaviour that are determined by lifestyles and values that are either of the "cultural resistant" category or the "cultural shift or cultural incorporation category". The research suggests that consumption behaviour should be examined as a function of both the reflective(based on values , beliefs and attitudes) and formative ethnicity indicators. Given the proven importance and explanatory power of these two types of ethnicity indicators, I find this tendency to disregard minorities in the paper presentations strange. Especially since every one talked about "managing diversity", "living together in a diversified society", "Canadian multiculturalism and diversity". On further reflection , I realized that the problem stemmed from the unstated treatment of "social cohesion" as an ideal that CCRN/CIRCLE presenters seemed to unconsciously believe every one would opt for, once it was discovered and accepted as a good thing: a sort of physiocratic view of society.

We should regard social cohesion as an "output" of the exchange economy. In this context it would represent the well being of the individual and society as a function of the economic choices made by social and public institutions, and individuals in their private and public "spaces"; as well as the distribution of the private and social benefits of that society among individuals and diverse cultural groups. It is not simply the economic efficiency of the production of socially desirable quantities of goods and services that determines this sense and manifest realizations of social cohesion; but rather it is the degree to which we feel that we have met our functional needs, and some more, while at the same time enjoying the benefits and satisfaction of having created a more humane society and sustainable environment.

A Theoretic framework. It seems to me that social cohesion could be discussed within the theoretical framework of a Walrasian general equilibrium analysis(See Note 1). The belief in the market system is central to this model of a socio-economic system. But also central to any analysis based on this model is an understanding of how the market model fails. Such an understanding leads to important insights and critical thinking about a number of public policy issues.^{5,6}. The analysis can be extended to include goods such as ideas(transmitted through the mass media and education institutions), culture goods of all types, public and social cohesion activities(preservation of the environment, protection of animals, healthy environments, creation of parks, arenas, athletic facilities, cultural facilities; safety and protective services, etc. To make practical sense the model must be adjusted to take into consideration the real world existence of consumer and producer externalities: the impact of economic activity and consumption on the environment and others; fundamental dissimilarities in consumer preferences; differences in the concentration of wealth and ownership; sectorial differences in capacity to access and use technology.). The model raises questions about the fairness of any distribution of wealth that is not uniform. The model tells us that the exercise of monopoly creates social cost that may be unacceptable. These costs are incurred in addition to the social cost of negative goods that may be produced as a part of the process of production in general(producer externalities): pollution, the destruction of non-replaceable natural resources; global warming and the destruction of the Ozone, etc. The exercise of monopoly power, and consumer and producer externalities are the major economic reasons for market failure.

The uninhibited market does not take social cost into consideration and therefore tends to overproduce goods that have negative by-products associated with their production. On the other hand, the market does not reward suppliers for the social benefits of producing certain good or service. So the supplier tends to produce less than the socially desirable amount. I think it is fair to say that there is the possibility in the "laissez faire" market exchange economy to get close to maximizing our satisfaction with respect to our strictly utilitarian needs, but at the same time creating an environment that keeps us on a low level of the social cohesion index. Because of market failure, Government intervention is required; or at least considered useful for regulating the use of monopoly power, especially with respect to essential or socially strategic(public) goods. The introduction of NGOs to the social and market system is a response to both

market failure and government failure, as well as the failure of these civil society institutions/NGOs themselves. Obviously vigilance and awareness are extremely important to the maintenance of a desired state of social cohesion.

This response mechanism is external (exogenous) to the market system. But it is part of the democratic process in a “free society”. It does not reject the market system as such. But, it reflects the fact that the profit oriented market system (corporate society) cannot or will not provide all the goods and services necessary to satisfy all the needs of the members of society; and at the same time produce a distribution of wealth and a quality of life that puts that society on the highest possible level of the social cohesion index. It recognizes that it requires non-profit oriented institutions(NGOs) to provide those goods and services that the corporate private sector will not; or cannot provide: alternative visions of society, teaching and sustaining the values of good citizenship and loyalty to community above and beyond profits, experiments in the development of healthy communities and institutions free from excesses of selfish individualism and corporate control; facilitating and monitoring the necessary transfers of wealth to adjust for market failure resulting from externalities; and the uneven distribution of the application of cost reducing technologies between the services sector (health, education, the arts, culture, etc) and the physical goods sector.

It assumes that all individuals are identical in their preferences. Thus any sense of equity or distributive justice would require uniformity in the distribution of assets and or goods. But this would end the necessity to trade or to carry on exchange. Society would become atomistic in its economic functions. However, uniformity is impossible because of the dispersion in physical location and ownership of specialized resources(land, mineral resources, scenic value of landscapes, differences in historical sites, art and cultural assets, etc). Thus, if disproportionate ownership of resources is inevitable then equity, in the sense of uniformity, requires a new form of ownership or a different system of redistribution of the wealth created by the productive use of these resources. Unless, of course, one assumes that everyone will be satisfied with whatever share of the pie that the “invisible hand” serves him/her. The fact that this assumption is not realistic is partly the reason that issues of social cohesion arise. Poverty may be defined as not having the means to afford a lifestyle above the subsistence level. But one's self esteem and sense of progress is not measured in terms of distance from a subsistence income; but rather in terms of how well one is doing relative to one's fellow citizens. Income is partly a measure of that. But increasingly the research shows that “how income is spent” may provide an important index of social cohesion. Laroche et al (1998) show that the goods that different ethnic minorities spend their incomes on can be classified as cultural resistant/incorporation products or cultural shift products. The first category is determined by their ethnic origin and are extremely resistant to acculturation. The second category is determined by the extent to which the group has been exposed to the culture of the other group. Therefore the traits which distinguish the various groups identity must play a role in determining whether the market is providing the kinds of goods that are necessary for a sense of the cultural wholeness of specific subgroups. In the Canadian case, this is particularly important in the cultural sector and the way funds are distributed for the funding of the arts and culture.

. Many critics see the profit motive and the rabid individualism (implied by the market model)that drive consumer choices as anti-civil society forces. They see both behaviours as leading to excessive selfishness, the loss of the value of social action/community, greed and the diminishing of loyalty to community, the elimination of caring communities and democratic values. Not withstanding this, the logic of the perfectly competitive model does place the failure of the market system to provide the socially desirable demand for goods and services, required to satisfy our utilitarian as well as hedonic and symbolic needs, at the feet of those in society that exercise monopoly power. That is, those that have inherited large endowments of resources, own specialized resources, have exclusive access to information, and use their market position to control entry to or engineer exits from the market. Those who by virtue of the power represented by their ownership of a disproportionate share of capital resources can and do restrict the participation of entire classes of persons in the economy and society. The classical competitive model considers this type of exercise of power as an externality that causes the market to fail. Government intervention in the market to fund the arts and culture is properly prompted by the partly public nature of many aspects of the arts and the disadvantage arts institutions suffer by not being benefactors of productivity improvement due to technology progress to the same degree as the manufacturing and other sectors. (Baumol and Bowen,

1966). But governments acting outside the logic of the model and according to the principles of cultural supremacy have created cultural monopolies which largely encourage acculturation on the Anglo and Franco conformity dimensions⁸. (also, Bayne, Colloquim Proceedings HEC, 1997)⁹.

Our extended model allows us to examine the welfare properties of equilibria in an exchange economy. In particular, it allows us to examine social cohesion from the perspective of the ideal of Pareto optimality. That is to say an economic outcome (a set of social, cultural, economic, environmental conditions) for which there is no alternative feasible outcome and for which every individual in the economy is at least as well off and some individual is strictly better off. The internal logic of the model allows us to show that, provided certain characteristics of consumer behaviour exist, a desired level of social cohesion and Pareto optimality can be achieved by a transfer of wealth. However, the model does not address the effectiveness of certain methods for effecting transfers, like volunteerism and philanthropy, or the likelihood of successfully implementing government transfers in the face of resistance from powerful monopolists, supremacists groups, and neo-liberalists.. It is this limitation that fuels the arguments of many among the civil society movement. The spokespersons for this movement continuously point to the fact that Corporations pay less and less of their fair share of the tax burden. That the middle classes of Western democracies finance the welfare transfers. They argue that the emergence of global markets replaces trade by inter-company transfers and has created a complex international system of business that facilitate tax avoidance and reduce corporate accountability to any given state^{10, 11}. (See, Don E. Eberly, 2000)¹²

International Monopoly Power and Communities. Globalization focuses our attention on the relationship between society and national and multinational corporations. It draws attention to the role large corporations play in advancing civil society or frustrating its development. One of the major issues is the effect of globalization on small states; non-European economies, and subcultures and regional economies within larger communities and economies. It is believed that huge American corporations are dominating world trade and are through trade homogenizing the cultures of other societies and cultures. Moreover, they are exploiting the weak bargaining power of workers in third world countries and paying subsistence wages, or slightly better, in the interest of making large economic rents/profits. Large Corporations seek almost blindly the maximization of profits or the wealth of their shareholders. They transfer investments from high waged areas relocating their operations in third world countries where in the interest of reducing costs they disregard safety, the protection of the environment, the health of the local populations. In general they seek to avoid paying the social costs of doing business that they would be required to pay in the more industrially advanced economies.

Neo-liberalism is a selective extension of aspects of the perfectly competitive market model to the national economies and world economies. It is argued (Chomsky and others) that it holds out the illusion of the efficiency of competition in the organization of scarce resources; but essentially acts to restrict competition when the interest of the upper classes are not served; and seek competition when they have the advantage. World trade is believed to be good because, as the free-trade model argument goes, it increases the number of goods and diversity of goods available to global populations at the lowest prices possible. But the competition that is postulated is not what is advocated by the neo-classical theory. The national economies that are being represented by NAFTA and WTO are dominated by corporate monopolies (national and multinational institutions). The interest of monopolists are the opposite to what competition (Adam Smith's "invisible hand") is suppose to achieve. Monopolistic action/market strategy is intended to reduce competition, restrict output, homogenize products (in the interest of cost reduction) and let prices rise, or set prices in keeping with some desired private rate of return and let the market adjust quantities: in short, maximize profits or shareholders wealth. Monopolists seek gains in excess of the normal profits considered acceptable as part of the fair economic exchanges of perfect competition. Monopolists are also interested in maximizing power and control over others, for such is the nature of monopoly power: it is an a priori expectation of the nature of a niche market strategy and the notion of competitive advantage that consumers are discouraged from seeking or denied alternative choices by the corporate exercise of monopoly power. The creation of civil societies and the maximization of social cohesion will require a radical revision of the social and economic sciences; a redistribution of wealth and power.

The redistribution of wealth must rest on a theory of consumption and consumer preferences. It must take into consideration difference in consumer preferences between sub-groups. Let us assume an exchange economy in which every one is a carbon copy of one person in every respect. In such a world, welfare redistributions of wealth by transfer payments is a simpler problem to solve than if we are dealing with a world of diverse consumer types. In the first case common ownership and equal distribution of all goods and services may be possible. Think of two groups(G1 and G2) in two regions (R1 and R2) that are identical in terms of their most fundamental material needs but sharply different in terms of their cultural and spiritual needs. Let us assume that one group(G1) has a greater abundance of capital resources and can produce the larger share of the total production of the basic material things needed by the two regions. Let us suppose the second group(G2) has a scarcity of capital resources but has a greater number of resources in the arts and artifacts and lifestyles. According to the Hecksher-Olin model trade will take place such that Region2 will trade cultural art and cultural goods for essential material goods from Region1. This will of course be subject to the relationship between prices in factor market and prices in the goods and services markets. If the groups are culturally homogeneous. There may be no problem. A transfer of wealth can be effected that will ensure that the distribution of all goods produced by the economy conforms to some acceptable Pareto optimality. If, however the two groups are culturally distinct, all though there may be some cross over in culture(assimilation of the formative type), it is much more difficult to achieve social cohesion. R1 may perceive that its cultural fabric(its sense of self and being uniquely rooted in a culture and certain traditions) is being threatened by R2 through the nature of the trade. Achieving the optimum social cohesion in such a case may be very difficult. Why? Because the assumption that the shape of the indifference curves for individuals in R1 and R2 are similar no longer holds true. For region 1, beyond a certain level of consumption of cultural imports the sense of being in a socially cohesive situation changes in a negative direction. This becomes worse if there is a sense that the development of local art and culture is being inhibited by a collusion between large producers and distributors in both regions. This adds the dimension of the sense of loss of control and community.

The problem becomes more complicated when we consider a culturally diverse population. A significant minority in R1 may closely identify with the culture and lifestyles of R2. They are therefore dependent on R2 cultural exports to R1. They may even be involved in the import and distribution of these goods and services. Now assume that the majority cultural group within R1 decides to take action to protect the perceived culture exclusive of consideration of the minority group. The question arises as to why would the minority wish or be expected to support the action of the majority group. If restrictions to these imports were to be imposed without the agreement of the minority, this would not be consistent with the overall objective of civil society, to maximize the sense of being in a situation of high social cohesion. For example, Blacks as a minority may not want to support the Mainstream Canadian concern with the homogenizing effect of certain aspects of American trade. Blacks in Canada see themselves reflected on most aspects of American culture and by virtue frequently. They don't see themselves represented and reflected in Canadian culture in any significant sense. If "Roots" were being shown at exactly the same time as CBC's prime time History of Canada, what would I do? I would have cheated myself and reduced my sense of esteem by looking at CBC's programme, which was essentially about how the French and British conquered and wiped out the Indians, after they(the Indians) helped them to stop the American invaders. According to that programme this country was not about us or any other minority for that matter. A solution to the problem is to increase the range of cultural goods produced by minorities within the context of an evolving Canadian society and economy. The sense of creating a new society creates National and Regional loyalties, and with this communities to protect. This enhances social cohesion and moves individuals and communities on to higher levels of utility.

For some communities then, mainstream scholars and policy makers could be perceived as being more guilty of homogenizing subcultures in Canada than US trade can. When they speak of Canada's interest or Quebec interest it almost always is mainstream Canada or mainstream Quebec. It almost always is based on the assumption that the shape of the indifference curves for individuals in the exchange economy are similar, concave and strongly monotone. And that the prototype is either Anglo-saxon or Francophone. They fail to take into consideration that the relevant basket of goods and services differ radically from one sub-group to the other. May be determined by both reflective and formative acculturation indicators, not just acculturation shift factors. The Doukhobors excluded cloths and British Canadian education from their market set. I think it is fair to say that there are no reference points on their indifference curve that

correspond to an equivalent point on that of the average British Canadian. Order in Council 1203, Section 13, Statutes of Canada (1919) classified Doukhobors, Mennonites and Hutterites as undesirable immigrants for precisely this reason: 'their peculiar customs, modes of life, and methods of holding property.' There was no possibility of trade between the two groups. The measures of social cohesion for both groups were not strictly comparable. Forcing them to adopt the same consumption behaviours as other Canadians reduced their sense of social cohesion. This is similar to the actions taken by the Canadian and Provincial Governments to force the Indians through a process of White acculturation by removing their children from their care and educating them in religious schools. Mainstream culture could not accept that there are many different subsets of values, beliefs, traditions, goods, environments, systems of learning that generate and sustain different core personalities and societies. There may be little or no purpose for exchange between some of these minority or subgroups and mainstream society if, as it seems, preferences are dominated by ethnic affiliation characteristics.. Using force as part of the acculturation process is destructive of the social cohesiveness of the sub-group and ultimately the larger society, even if it creates an alternative reality that satisfies the creative urges of the acculturation group to fashion a society after its own image and likeness. It is a risky experiment that requires altering the personality of persons without any knowledge of the ultimate consequences.

The Canadian Reality.

From a Black perspective, the reality in Canada today is that after 133 years of Confederation in a country that has been peopled by immigrants from every part of the world the dominant cultural institutions are almost entirely Anglo- Saxon or Francophone. Multiculturalism as a fundamental tenet of Nation building has won out over Anglo-conformity and Biculturalism. But the political reality and power of the concept of governance by two founding and equal peoples rule the day. Multi-culturalism has done very little to change the distribution of cultural assets and the allocation of operating funds between mainstream and minority cultural communities and institutions. This is true at the level of government funding agencies and at the level of private sector organizations. The contributions of private sector foundations to funding the arts, cultural and multicultural organizations were estimated at \$58.3 million in 1996/97(Jill Humphries, May 2000). Of that, \$1.6 million(2.7%) went to multicultural and ethnic organizations. 13.8% of this (just over a third of a percent) went to other groups that comprised of African, Black, Celtic, East Indian, Multicultural, and Russian organizations. Black organizations received \$100 000, less than 0.2 of a percentage . After 25 years of funding by Canada Council the Black Theatre Workshop receives between \$20,000 and \$30, 000. Over the same period of time its funding from CACUM has risen at a snail crawl to \$20, 000. It has done much better from Quebec City: approximately \$30,000-\$45,000 over the last 10 years. In Toronto, Black Theatre Canada died in the eighties in the process of negotiating support from Canada Council and Ontario Arts Council. Fountain Head has become a shell, echoing the failure of recognized Black professional actors to get professional funding. A few individual Black and ethnic artists get individual grants from various councils. But support for individual artists does not have the same social cohesive impact as creating and supporting cultural civil society agencies. In general, non-mainstream cultural institutions and practices remain essentially hidden in enclaves of the Canadian society. They are seldom celebrated at the National level; or have a permanent established presence at the National level or Provincial levels. The celebration Black history month by the city of Montreal is an exception. The exploitation of Carifiesta and Vue d' Afrique (Montreal), and Caribana (Toronto) as experiments in tourism are certainly worthy of serious mention. These events, like the St Patrick day parade, may highlight the cultures of particular communities but they are not integral to the daily celebration of cultural life in these cities. In most part, minority communities are expected to be consumers of mainstream culture. If art and cultural goods belong to the reflective rather than the formative category of goods, then the prediction of rapid growth in the representation of minority populations in the metropolitan areas of Canada is reason for concern about possible ruptures in social cohesion as a result of resistance to mainstream cultural programming. These concerns were explored in a conference held at HEC, November 1997: "Cultural Organizations of the Future."

In Canada the strategy for supporting the high arts creates a professional class of arts creators whose role it is to entertain, delight and educate arts consumers. These arts creators are legitimized by their membership in formal or informal grouping of peers. This professional classification serves as a barrier to entry of new ethnic communities of artists seeking access to funding. This exclusion is supported by the creation of

academies or regional cultural institutions that have the power of monopolies managed by mainstream cultural leaders. These institutions have a guaranteed existence sustained by government subsidies; and mainstream corporate and family foundations grants. They are protected from pressures for cultural reform by a network of mainstream artists organized into unions; and by the principle of evaluation by peers that underpin the arms length funding agreement with various levels of governments. The arms length principle makes these institutions almost impervious to change as suggested and reflected in the commitments to multiculturalism set out in the Charter of Rights and Freedoms, and formulated in the objectives of the Multicultural Bill. The notion of excellence as the critical factor in deciding who gets funded and who does not is determined by mainstream artists and cultural leaders whose aesthetic experiences and core cultural values and beliefs make them insensitive to forms of culture and aesthetics that are not grounded in European historical references. Excellence becomes an abstraction identifiable only in the eyes of the defenders of mainstream culture. Thus in every minority community there is an non-government funded cultural sub-economy resistant to this form mainstream cultural colonialism and which shows a face of Canada that has little or no public presence. There is on the public cultural dimension a tear in the fabric of social cohesion that needs mending.

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Note No. 1: The Heckscher-Ohlin trade model is a general equilibrium model based on the Edgeworth Box Diagram approach to describing different types of exchange economy. It is based on the assumption that perfect competition exists and is a desirable ideal. This type model has a wide range of applications from the pure exchange economy with two individual having different proportionate shares of any two goods to a situation involving more than one economy, two or more goods and two or more factors.

The defining assumptions of the simple model involving two or more regions are as follows:

- All regions produce the same two commodities, using the same two factors, using processes defined by the same two production functions.
- The production functions for both goods involve the use of both factors, are homogeneous, convex, and with constant returns to scale.
- The production functions are such that the relative factor intensities are the same at all factor prices which are the same in both industries. That is the labour-intensive good remains the labour-intensive good.
- There is perfect competition in all markets and full employment of all resources.
- There are no transport or similar costs, and no tariffs or other trade barriers.
- The relative endowments of the two factors vary from region to region, or country to country.
- Consumer preferences are identical in all countries.

By assuming constant returns to scale in both industries the model eliminates the effect of economies of scale. Constant cost prevails. There is no incentive to be large. Also if we assume identity in knowledge and skills with respect to the two types of activities there is no advantage in the movement of factors between the two industries. Both factors are substitutable to the same degree in each of the two industries. The only differences are in the endowment of factors held by the two groups respectively; and the factor intensities required to produce one good vs the other.

Let us assume a two goods economy. According to this theory productive resources must be allocated such that the ratio of the marginal productivities of any two factors (say, Labour and Capital) used to produce a particular good must be equal to the ratio of the marginal productivities of the same resources used to produce the second good. The assumptions of the model allows us to answer a number of questions by stripping away a number of confounding factors. One very useful thing it reveals is that exchange will take place(either on a regional basis; international basis or between groups) because of differences in the amount of productive resources owned by the two groups(countries, states, provinces, regions).

Note No. 2. Jill Humphries , *Foundations Support to Arts, Cultural and Multicultural Organizations*, CCRN, May, 2000.

Note: An analysis of foundation support to performing arts, visual arts , heritage and multicultural and other cultural organizations, taken from Canadian Centre for Philanthropy 1996/97 data. Published by the

Nonprofit Management and Leadership Program, Schulich School of Business, York University, with support from Department of Canadian Heritage, and Ontario Arts Council.

The study showed that 31% percent of the Foundations covered by the study supported arts and culture. A total amount of \$58.3 million given in grants in 1996/7. *0% percent of all foundation grants were from family foundations. \$1.6 million(2.7%) went to multicultural and ethnic organizations; slightly more than a third of a percent went to other cultural groups: Armenian, Black, Celtic, East Indian, Multicultural, Russian. Black organizations accounted for \$100,000